



Semi-Annual Report to the Board of Land Commissioners

From the Endowment Fund
Investment Board

May 15, 2008

Mission

Endowment Fund Investment Board

Provide professional investment management services to our stakeholders consistent with our constitutional and statutory mandates.

Endowment Fund Investment Board

Endowment responsibilities

- Determine investment policy
 - Asset mix
 - Allowed and prohibited investments
- Recommend allocation of Earnings Reserve (i.e. Distribution Policy) to the Land Board
- Select and monitor investment managers, consultants and custodian
- Select and direct staff

Who is the Endowment Fund Investment Board?

- Nine members, appointed by the Governor, confirmed by the Senate
 - One Senator, one representative
 - One professional educator
 - Six members of the public familiar with financial matters
- Meets at least quarterly
- Full-time staff of four

Endowment Fund Investment Board members

**M. Dean
Buffington**

**Partner,
investment firm**



Gavin Gee

**Director, Dept.
of Finance**

Max Black

**Retired
Insurance
agent,
legislator**



Endowment Fund Investment Board members (page 2)

Vaughn Heinrich

**Retired Supt. Of
Vallivue School
District**



Tom Kealey

**Businessman,
investor,
former MK
CFO**

Brad Little

**Rancher,
investor,
legislator**



Endowment Fund Investment Board members (page 3)

Sue Simmons

**Financial Planner,
former
Administrator,
Trans. Dept.**



**Richelle
Sugiyama**

**Investment
Officer,
PERSI**

**John
Taylor**

**Insurance
company
executive**



Financial Summary

Nine Months Fiscal Year-to-Date 2008

Compared to the previous year:

- Total fund balances increased \$40 million, or 3.7%, to a record high of \$1,125 million
- Earnings reserve balances increased \$45.6 million, or 32%, to a record high of \$188.6 million
- Receipts from endowment lands for the first nine months rose to \$69 million, an 11% increase over the same period of FY2007

Total investment return, net of fees, was (2.8%) for the first nine months and 8.5% annualized for the last three years. This is 240 basis points ahead of benchmark for the first nine months and 150 ahead for the last three years.

FY2008 financial statements of the endowment funds will be distributed to the Land Board in October and the results of the independent audit presented at the November meeting.

YTD Lands Revenues As % Of Annual Forecast Fiscal Year Thru March 2008

